

# INVITATION TO THE ANNUAL GENERAL MEETING OF SIKA AG

Tuesday, April 9, 2019

4.00 p.m., at Waldmannhalle, Baar

Doors open: 3.00 p.m.



DEAR SHAREHOLDERS,

The Board of Directors is pleased to invite you to the Annual General Meeting of Sika AG, to be held on Tuesday, April 9, 2019 at 4.00 p.m. at Waldmannhalle, Baar.

## AGENDA AND PROPOSALS BY THE BOARD OF DIRECTORS

### 1. APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2018

**Proposal by the Board of Directors.** On the basis of the Report of the Statutory Auditors, the Board of Directors proposes unanimously that the annual financial statements and the consolidated financial statements for the year 2018 be approved.

**Notes.** The report of the Board of Directors and Group Management is included in the annual report, which may be obtained by shareholders and is also available on the Internet at [www.sika.com](http://www.sika.com), under the heading Publications.

The income statement of Sika AG shows income of CHF 421.5 million, an operating result of CHF 303.1 million, a net profit before taxes of CHF 323.3 million and a net profit of CHF 319.2 million. The balance sheet total increased by CHF 698.5 million to CHF 5,247.5 million. Shareholders' equity amounted to CHF 1,468.7 million at the end of the year. The consolidated financial statements show a net profit of CHF 687.1 million. An operating profit of CHF 945.9 million and operating free cash flow of CHF 513.2 million were generated on net sales of CHF 7,085.4 million. In its reports to the Annual General Meeting, Ernst & Young AG recommends that the annual financial statements of Sika AG and the consolidated financial statements be approved. In the opinion of the auditors, the consolidated financial statements give a true and fair view of the Group's assets, financial situation and earnings in accordance with the International Financial Reporting Standards and comply with Swiss law.

### 2. APPROPRIATION OF THE RETAINED EARNINGS OF SIKA AG

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously to the Annual General Meeting the following appropriation of retained earnings:

in CHF mn

<b>Composition of retained earnings</b>	
Net profit for the year	319.2
Results carried forward from prior year	3,059.8
Reduction through cancellation of own shares	- 2,082.8
<b>Total at the disposal of Annual General Meeting</b>	<b>1,296.2</b>
<b>Dividend payment</b>	
Dividend payment out of the profit brought forward <sup>1</sup>	290.6
<b>Results carried forward</b>	<b>1,005.6</b>

<sup>1</sup> Dividend payment for shares entitled to dividends (without treasury shares at December 31, 2018).

**Notes.** No allocation was made to the general statutory reserve as it currently already exceeds 20% of the share capital. Provided that the proposal of the Board of Directors is approved, the gross dividend will amount to CHF 2.05 per share (representing a 10.8% increase on the previous year's distribution). After payment of the Swiss withholding tax of 35%, a net dividend in the amount of CHF 1.33 will be paid out. The net dividend will be paid as from April 15, 2019. Registered shareholders will receive payment at the address provided to the company for purposes of dividend distribution.

### 3. GRANTING DISCHARGE TO THE ADMINISTRATIVE BODIES

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that the members of the administrative bodies be discharged.

## 4. ELECTIONS

### 4.1. Re-election of the Board of Directors

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that the following persons be re-elected to the Board of Directors for a term of office of one year:

- 4.1.1 Paul J. Hälgi as a member
- 4.1.2 Frits van Dijk as a member
- 4.1.3 Monika Ribar as a member
- 4.1.4 Daniel J. Sauter as a member
- 4.1.5 Christoph Tobler as a member
- 4.1.6 Justin M. Howell as a member

### 4.2. New election to the Board of Directors

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that the following persons be elected to the Board of Directors for a term of office of one year:

- 4.2.1 Thierry Vanlancker as a member
- 4.2.2 Victor Balli as a member

**Notes.** Thierry Vanlancker (born 1964) is CEO and chair of the board of management at AkzoNobel since 2017, a global company specializing in paint manufacturing and specialty chemicals. He has more than 30 years of experience in the chemical industry. Before joining AkzoNobel in 2016, Thierry Vanlancker led operations in polymers, performance coatings and chemicals at DuPont and was president of Fluoro-products at Chemours. Thierry Vanlancker holds a degree in Chemical Engineering from the university of Gent, Belgium. He is a Belgian citizen.

Victor Balli (born 1957) is a member of the board of directors of the listed companies Givaudan and CEVA Logistics and member of the supervisory board of the listed company KWS Saat SE. Further, he is a member of the supervisory board of Louis Dreyfus, member of the board of directors of Hemro and the Swiss Federal Audit Oversight Authority (FAOA). From 2007 to 2018 Victor Balli was CFO and member of the executive committee of Barry Callebaut. Before, he held various positions at Minibar (amongst others, CEO EMEA). He was also a director at Niantic Group and served in various executive and board functions at subsidiaries of Niantic Group. In addition, he worked as principal with Adinvest and as financial analyst & business development manager with EniChem International. Victor Balli holds a Masters in Economics from the University of St. Gallen (HSG) and a Masters in Chemical Engineering from the Swiss Federal Institute of Technology in Zurich (ETH). Victor Balli is a Swiss citizen.

### 4.3. Election of the Chairman

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that Paul J. Hälgi be re-elected as Chairman of the Board of Directors for a term of office of one year.

### 4.4. Re-election of the Nomination and Compensation Committee

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that the following persons be re-elected to the Nomination and Compensation Committee for a term of office of one year:

- 4.4.1 Frits van Dijk
- 4.4.2 Daniel J. Sauter
- 4.4.3 Justin M. Howell

### 4.5. Election of Statutory Auditors

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that Ernst & Young AG be elected as Statutory Auditors for the 2019 financial year.

### 4.6. Election of Independent Proxy

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that Jost Windlin, attorney-at-law and notary in Zug, be elected independent proxy until the close of the next Annual General Meeting.

## 5. COMPENSATION

### 5.1. Consultative vote on the 2018 Compensation Report

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that the 2018 Compensation Report be approved (non-binding consultative vote).

**Notes.** The Compensation Report incorporates the basic principles for the compensation of the Board of Directors and Group Management as well as the remuneration of the members of these two corporate bodies for the 2018 financial year. The Board of Directors is submitting the Compensation Report to shareholders for a consultative vote. The Compensation Report can be found on pages 68 to 88 of the Annual Report. The Annual Report can be accessed on the Internet at [www.sika.com](http://www.sika.com), under the heading Publications.

## 5.2. Approval of the future compensation of the Board of Directors

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that a maximum total amount of CHF 3.3 million in compensation for the Board of Directors consisting of eight members be approved for a term of office of one year until the close of the next Annual General Meeting.

**Notes.** The compensation system for the Board of Directors has not been adjusted since 2012, although Sika AG's sales and profit have continued to grow and the market capitalization has more than tripled during this period. The increase in the proposed maximum amount is on the one hand due to the proposed increase in the number of members of the Board of Directors by one member and on the other hand to the adjustment of the compensation system for the Board of Directors to current market practice. The compensation system for the Board of Directors is described in the 2018 Compensation Report. The total amount includes base compensation as well as remuneration for work on the two Board committees, and is expected to break down as follows:

in TCHF

Fixed compensation <sup>1</sup>	1,700
Share-based compensation <sup>2</sup>	1,350
Social security contributions <sup>3</sup>	250
<b>Total</b>	<b>3,300</b>

<sup>1</sup> Includes base compensation, committee remuneration and lump-sum representation expenses (Chairman of the Board of Directors).

<sup>2</sup> Market value on grant date (start of year of office, 2019 Annual General Meeting; § 11 para. 3 section 2 of the articles of association). The figure given here does not reflect any change in share price between the grant date and definitive allocation (end of year of office, 2020 Annual General Meeting).

<sup>3</sup> Includes expected employer contributions to social security in respect of fixed and share-based compensation (based on the market value on the grant date).

The compensation actually paid will be disclosed in the 2019 and 2020 Compensation Reports, which will be submitted to shareholders for a consultative vote.

Approval of the maximum total amount of compensation for members of the Board of Directors is in accordance with art. 11 of the Articles of Association and in keeping with the Ordinance against Excessive Compensation in Listed Companies. Further details on the principles of compensation for the Board of Directors can be found in the 2018 Compensation Report (which can be accessed on the Internet at [www.sika.com](http://www.sika.com), under the heading Publications).

## 5.3. Approval of the future compensation of the Group Management

**Proposal by the Board of Directors.** The Board of Directors proposes unanimously that a maximum total amount of CHF 19.5 million in compensation for the Group Management consisting of eight members be approved for the financial year 2020.

**Notes.** The increase in the proposed maximum amount is due to the adjustment of the long-term participation plan, which now provides for a maximum payout multiplier of 150% (currently 100%) for the allocation of Performance Share Units. The total amount comprises fixed compensation including employer contributions to social security and pension funds (BVG), the maximum amount of the performance bonus as well as the maximum Performance Share Unit allocation under the long-term participation plan, valued on the allocation date. The total amount is expected to break down as follows:

in TCHF

Fixed compensation <sup>1</sup>	8,700
Performance bonus <sup>2</sup>	5,400
Performance Share Units (PSU) <sup>3</sup>	5,400
<b>Total</b>	<b>19,500</b>

<sup>1</sup> Includes fixed compensation, expected employer contributions to social security (based on the above maximum amounts and the market value of the Performance Share Units on the allocation date) as well as employer contributions to pension funds (BVG).

<sup>2</sup> Maximum value of bonus payout based on the assumption that all performance targets up to the maximum payout multiplier have been reached.

<sup>3</sup> The allocation of Performance Share Units is calculated on the basis of the determined amount of allocation and the share price on the allocation date. The figure given here assumes maximum target attainment, which results in the target number of originally allocated Performance Share Units being multiplied by a maximum payout multiplier of 150%. The figure given here does not factor in share price changes during the vesting period (period between grant date and vesting date).

The compensation actually paid will be disclosed in the 2020 Compensation Report, which will be submitted to shareholders for a consultative vote.

Approval of the maximum total amount of compensation for members of Group Management is in accordance with art. 11 of the Articles of Association and in keeping with the Ordinance against Excessive Remuneration in Listed Companies. Further details on the principles of compensation for Group Management can be found in the 2018 Compensation Report (which can be accessed on the Internet at [www.sika.com](http://www.sika.com), under the heading Publications).

## FURTHER INFORMATION

**Issue of the annual report.** The 2018 annual report of Sika AG, comprising the annual and the consolidated financial statements and the report of the Statutory Auditors, can be viewed and downloaded online at [www.sika.com/publications](http://www.sika.com/publications). In addition, the 2018 annual report will be available for inspection by shareholders from March 15, 2019 at the company's registered office at Zugerstrasse 50, 6341 Baar. Any shareholder may also request by post (Sika AG, Zugerstrasse 50, CH-6341 Baar), by e-mail ([sikagroup@ch.sika.com](mailto:sikagroup@ch.sika.com)) or by phone under +41 (0)58 436 68 00 that a printed copy of the 2018 annual report be sent to him.

**Attendance at the Annual General Meeting.** Only shareholders entered in the share register as at April 4, 2019 are entitled to vote at the Annual General Meeting. Shareholders have the option of voting in person, through a proxy, or remotely by issuing electronic authorizations and instructions to the independent proxy.

Shareholders entered in the share register up to and including April 1, 2019 as shareholders with voting rights will receive, together with the invitation to the Annual General Meeting, a reply card that they can use to order the admission card and the voting material or to issue a proxy. Further, they will receive information on E-Voting together with the individual one-time code to access the voting website [www.gvmanager.ch/sika](http://www.gvmanager.ch/sika). Shareholders are requested to send the reply card to the share register of Sika AG (Sika AG, c/o Devigus Shareholder Services, Birkenstrasse 47, 6343 Rotkreuz) by April 4, 2019 at the latest. Shareholders whose registration in the share register with voting rights is made on or after April 2, 2019 and who wish to attend the Annual General Meeting are asked to contact the share register of Sika AG.

No further registrations of voting rights will be carried out in the period from April 5 to April 9, 2019. Shareholders who are registered with voting rights as at April 5, 2019, but who sell their shares prior to the Annual General Meeting, will lose their shareholder rights in respect of the shares sold. Shareholders whose shareholding changes between March 25, 2019 and April 4, 2019 and who have already received an admission card will not receive a new admission card but a voting device with their current shareholding at the admission counter of the Annual General Meeting. Proxies will be changed automatically.

**Representation by proxy at the Annual General Meeting.** Shareholders not attending the Annual General Meeting in person may be represented by another shareholder with voting rights or by the independent proxy Mr. Jost Windlin, attorney-at-law and notary, Zwicky, Windlin & Partner. In order to grant proxy to a representative, the shareholder must fully specify the relevant person on the reply card. Shareholders are requested to send the reply card to the share register of Sika AG (Sika AG, c/o Devigus Shareholder Services, Birkenstrasse 47, 6343 Rotkreuz) by April 4, 2019 at the latest. The admission card and the voting material will then be sent to the proxy.

**Remote electronic voting by issuing authorizations and instructions to the independent proxy.**

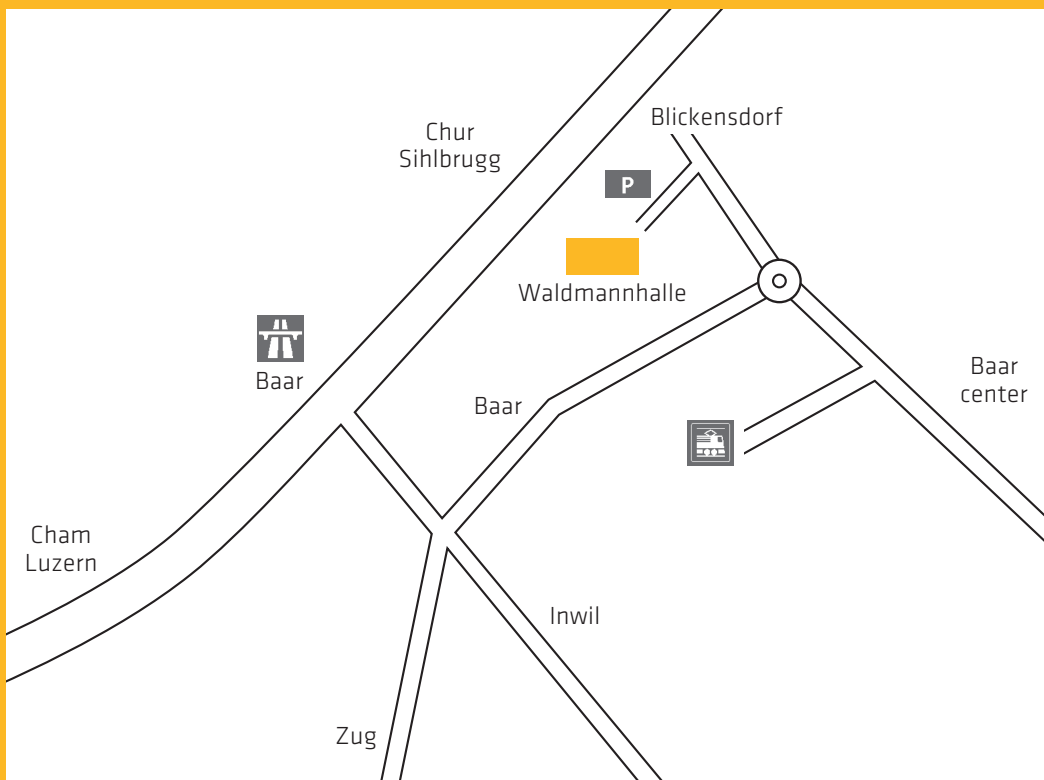
Shareholders may cast their votes remotely by issuing electronic authorizations and instructions to the independent proxy at [www.gvmanager.ch/sika](http://www.gvmanager.ch/sika). Shareholders may use the online proxy voting, or change any instructions they may have issued electronically, up to but no later than 11.59 p.m. on Friday, April 5, 2019.

Baar, March 15, 2019

Sincerely  
Sika AG  
On behalf of the Board of Directors



Dr. Paul Hälg, Chairman



#### **VENUE**

Waldmannhalle, Neugasse 55, 6340 Baar

#### **CATERING**

At the end of the event, you are invited to dinner.

#### **HOW TO GET THERE**

By car:

Exit A4a, direction Baar

By public transport:

Take the S-Bahn from Zurich, Zug or Lucerne to Baar. Doors open at 3.00 p.m. Between 2.30 p.m. and 3.45 p.m. a bus service will be provided from Baar station. A return service will be available until the end of the event.

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